

BEFORE THE
POSTAL REGULATORY COMMISSION
WASHINGTON, D.C. 20268-0001

MARKET DOMINANT PRODUCT PRICES
INBOUND MARKET DOMINANT PRIME TRACKED
SERVICE AGREEMENT
NEGOTIATED SERVICE AGREEMENTS

Docket No. MC2017-71

MARKET DOMINANT PRODUCT PRICES
INBOUND MARKET DOMINANT PRIME TRACKED
SERVICE AGREEMENT (MC2017-71)
NEGOTIATED SERVICE AGREEMENT

Docket No. R2017-3

**RESPONSE OF THE UNITED STATES POSTAL SERVICE TO
CHAIRMAN'S INFORMATION REQUEST NO. 1,
WITH PORTIONS FILED UNDER SEAL**
(January 10, 2017)

The United States Postal Service (Postal Service) hereby provides its responses to Chairman's Information Request No. 1, which the Postal Regulatory Commission (Commission) filed in this docket on January 4, 2017. A response was due no later than January 9, 2017.

Each question as it appears in the public version of the request is reprinted verbatim in the attached, and is followed by the Postal Service's response. Because Question 3 of Chairman's Information Request No. 1 was filed under seal, the text of that question and the response to that question, including revised financial workpapers, are filed under seal. In addition, the response to Question 2 is filed under seal. Because only a few cells in the financial workpapers have been changed, the Postal Service requests that the Commission consider the redacted version of the financial workpapers filed with the Postal Service's initial notice in this docket as representative of the revised financial workpapers filed with this notice. The Postal Service

incorporates by reference its application for non-public treatment filed in this docket for the protection of these materials.¹

Respectfully submitted,

UNITED STATES POSTAL SERVICE

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¹ Request of United States Postal Service to Add Inbound Market Dominant PRIME Tracked Service Agreement to the Market Dominant Product List, Notice of Type 2 Rate Adjustment, and Application For Non-Public Treatment, Docket Nos. MC2017-71 and R2017-3, December 23, 2016, at Attachment 4.

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1. Please refer to Notice, Attachment 2, the PRIME Tracked Service Agreement (Tracked Agreement). Paragraph 8, Bilateral and Multilateral Agreements, provides that, "This Tracked Agreement prevails on the PRIME Exprès agreement only between or among the Parties that have signed this Tracked Agreement." Notice, Attachment 2 at 3. Please explain the differences between the PRIME Tracked Agreement and PRIME Exprès agreement, if any.

RESPONSE:

The differences between the PRIME Tracked Agreement, which the Postal Service filed in this docket, and the PRIME Exprès Agreement, which the Postal Service filed in Docket No. R2011-6, include the following.

- The PRIME Exprès Agreement was made and entered into in December 1999, whereas the PRIME Tracked Agreement was recently opened for signature.
- The PRIME Exprès Agreement currently has about fifty members,² whereas at the time of filing with the Commission, only two postal operators had signed the PRIME Tracked Agreement, and the Head of PRIME has subsequently informed the Postal Service that at least one other postal operator plans to sign the PRIME Tracked Agreement.
- The Postal Service acceded to the PRIME Exprès Agreement in 2011, several years after that agreement originally went into effect. In contrast, the Postal Service was one of the first postal operators to sign the PRIME Tracked Agreement prior to the agreement's intended effective date of February 1, 2017.

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- As stated in the fourth Whereas clause, the PRIME Exprès Agreement concerns remuneration “for the timely delivery of items and the timely return of scans,” while the fourth Whereas clause of the PRIME Tracked Agreement states that the agreement concerns remuneration for just “the timely return of scans.”
- The PRIME Exprès Agreement includes fifth and sixth Whereas clauses that establish a several month testing period during which the original signatories will not charge each other enhanced payments, but the PRIME Tracked Agreement does not include such a provision.
- Article 2 of the PRIME Tracked Agreement specifies that PRIME Tracked items shall be delivered in the priority stream network, whereas the PRIME Exprès Agreement does not mention “priority” in Article 2. Also, Article 2 of the PRIME Exprès Agreement includes an additional paragraph about derogations from the obligation to make delivery information available, states that registered or insured letters are not Exprès items, and establishes certain limitations on parties who choose not to use the Exprès items service for outbound.
- The Steering Committee procedures set forth in Article 4 of each agreement differ.

² Notice of United States Postal Service providing Update concerning Exprès Service Agreement, Docket No. R2011-6, July 7, 2016, at 4-5.

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- Article 5 of the PRIME Exprès Agreement provides an illustration of the common logo for PRIME Exprès items. In contrast, Article 5 of the PRIME Tracked Agreement refers to Annex 2 of the PRIME Tracked Agreement, which mentions Annex 4b Trademark Co-operation Agreement of the PRIME Exprès Agreement and includes a slight variation of the PRIME Exprès logo that also may be used as the common logo for PRIME Tracked items.
- While Article 6 of the PRIME Exprès Agreement specifically sets forth the liability that applies to the Parties, Article 6 of the PRIME Tracked Agreement states that liability of the Parties shall be ruled by Article 23 of the UPU Convention.
- While Article 7 of the PRIME Exprès Agreement delineates the manner in which the Parties are to return undeliverable items, Article 7 of the PRIME Tracked Agreement states that undeliverable items shall be returned in accordance with UPU Letter-Post Regulations applicable to priority mail items.
- Article 8 of the PRIME Tracked Agreement includes two additional sentences that state the following: "This Tracked Agreement prevails on the PRIME Exprès agreement only between or among the Parties that have signed this Tracked Agreement. This Tracked Agreement supersedes the UPU Supplementary Remuneration Agreement."
- Article 9 has been rephrased.

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- While Article 10 of the PRIME Exprès Agreement clarifies that, in settling accounts, the Parties can set-off their claims against each other so that only the imbalance between such claims must be paid, Article 10 of the PRIME Tracked Agreement does not include such a provision.
- The intended effective date set forth in Article 11 of each agreement differ.
- In Article 12 and subsequently in the PRIME Tracked Agreement, where the PRIME Exprès Agreement refers to the “chairman of the Steering Committee,” the PRIME Tracked Agreement refers to the “Head of PRIME.”
- The arbitration terms set forth in Article 17 of each agreement differ.
- The PRIME Tracked Agreement includes the following Articles, none of which are included in the PRIME Exprès Agreement:
 - Article 20: Notices
 - Article 21: Confidentiality
 - Article 22: Transfer of Personal Data between the Parties.
- Some of the terms defined, as well as some definitions, differ in Annex 1 Definitions of each agreement.
- Whereas each party provides its own Annex 2 (Delivery Times) and Annex 3 (Technical Specifications) under the PRIME Exprès Agreement, the PRIME Agreement sets forth technical specifications in its Annex 2.

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- Annex 4 of the Exprès Service Agreement includes a Trademark Assignment Agreement and a Trademark Co-operation Agreement, whereas the PRIME Tracked Agreement just includes the PRIME Exprès Agreement Trademark Co-operation Agreement in Annex 5.
- Annex 3 of the PRIME Tracked Agreement includes different terms than Annex 6 of the PRIME Exprès Agreement concerning remuneration.
- Annex 4 of the PRIME Tracked Agreement includes slightly different phrasing than appears in Annex 5 of the PRIME Exprès Agreement, concerning the deed of accession.
- The PRIME Tracked Agreement includes a list of parties to the agreement in its Annex 6.
- Annex 7 of the PRIME Tracked Agreement includes conditions for the Postal Service's participation in the agreement.

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2. Please refer to Excel file "IB PRIME_Multilateral_Tracked_Service_Agreement_2016_12_21.xls," tab "02_Inputs." Please provide data that supports the assumption provided in cell C97.

RESPONSE:

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

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3.

[REDACTED]

RESPONSE:

[REDACTED]

[REDACTED]

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[REDACTED]

[REDACTED]

[REDACTED]

**RESPONSE OF THE UNITED STATES POSTAL SERVICE TO CHAIRMAN'S
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[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]